



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

Amendment No. 1 to Lease No. DOT-A-92-0014
Restaurant and Lounge Concession Lease
Host International Inc., Kahului Airport

MAUI

The Department of Transportation (DOT) proposes to amend the existing Restaurant and Lounge Concession Lease (DOT-A-92-0014) at Kahului Airport. The following contains a description and summary of some of the major terms and conditions that the DOT anticipates incorporating into the amendment:

PURPOSE:

To amend the existing Concession Lease DOT-A-92-0014 at Kahului Airport, to allow for additional space to offer food and beverage services to travelers, to extend the term to give the concessionaire the time to construct substantial improvements to provide better service to travelers and those wishing to greet arriving passengers at Kahului Airport.

Under Article III of Lease DOT-A-92-0014, the specific area assigned or provided for the concession activity may be changed at the discretion of the Director of Transportation.

Act 128 Session Laws of Hawaii 2006 provides the State with sole discretionary authority, upon agreement with the lessee, to amend, modify and alter the terms of the concession leases and permits in various respects including and not limited to:

1) granting limited lease or permit extensions in exchange for improvements by concessionaires provided there are no reductions in stated rent amounts; and 2) adding lease provisions providing for economic emergency relief in case of disruptive economic events as contained in newer concession leases by the DOT.

APPLICANT:

Host International, Inc. whose business address is 6600 Rockledge Drive, Bethesda, Maryland, 20817.

LEGAL REFERENCE:

Chapter 102, and Section 261-7, Hawaii Revised Statutes, as amended. Act 128 Session Laws of Hawaii 2006.

LOCATION AND TAX MAP KEY:

Kahului Airport, Island of Maui, Hawaii
2nd Division, 3-8-001-019

PREMISES:

Additional premises provided to concessionaire:

- 1) Building 330, Space No. 207C, containing an area of approximately 240 square feet as shown on the attached Exhibit C-3 dated September 2006.
- 2) Building 330, Space No. 207E, containing an area of approximately 188 square feet as shown on the attached Exhibit C-4 dated September 2006.
- 3) Building 322, Space No. 101G, containing an area of approximately 460 square feet as shown on the attached Exhibit C-5 dated September 2006.
- 4) Building 346, Space No. 203A, containing an area of approximately 531 square feet as shown on the attached Exhibit C-6 dated September 2006.
- 5) Building 348, Space No. 202B, containing an area of approximately 707 square feet as shown on the attached Exhibit C-7 dated September 2006.

ZONING:

State: Urban
County: Industrial (I-2)

LAND STATUS:

Section 5(a) and 5(b), Hawaii Admission Act – Non-ceded
DHHL 30% entitlement lands Yes__ No X

TERM:

The term of the existing 15-year concession lease to be extended from the existing expiration date of September 30, 2007 to September 30, 2013.

IMPROVEMENTS:

Applicant, at its own cost, will construct and install at least \$2,700,000 in improvements to the spaces listed above and to existing facilities throughout the terminals.

RENTAL:

No additional square footage rent will be charged. All gross receipts generated from the additional premises will be included with the gross receipts of the concession. The concessionaire pays the greater of the minimum annual guaranteed (MAG) rent of eighty-five percent (85%) of the rental paid for the tenth (10th) year or a percentage of gross receipts as the concession fee.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawaii, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawaii Revised Statutes, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #1, Comprehensive Exemption List for the State of Hawaii, Department of Transportation dated November 14, 1990, as approved by the Environmental Quality Council. Exemption Class #1 covers operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existing.

REMARKS:

The DOT and the Applicant entered into that certain concession lease (Lease No. DOT-A-92-0014) dated October 1, 1992, for the Restaurant and Lounge Concession at Kahului Airport (Airport). Over time conditions at the Airport have changed and the Applicant finds that the addition of these food and beverage offerings and major improvements to existing locations will result in better service both to travelers at the Airport.

Act 128 Session Laws of Hawaii 2006 states, "Notwithstanding any law to the contrary and for concession leases and permits that did not received rent relief after April 30, 2002, by way of negotiation or pursuant to Act 201, Session Laws of Hawaii 2004, the Department of Transportation, in its sole discretion and authority, upon mutual agreement with a concession seeking to make improvements, may modify, alter, or amend the terms

of concession leases and permits in exchange for improvements, including but not limited to locations, requirements, and obligations; provided that:


- “(1) Any extension of a lease or permit shall be for a period not longer than forty percent (40%) of the original term of the concession lease;
- (2) The rents during the extension period shall not be lower than rents paid by the concession under its existing lease or permit; and
- (3) Rent relief terms for leases or permits signed prior to April 30, 2002, may be modified to include terms in newer concession leases that provide economic emergency relief for concessions in case of disruptive economic events.”

Concession Lease No. DOT-A-92-0014 is eligible for amendment under Act 128 Session Laws of Hawaii 2006.

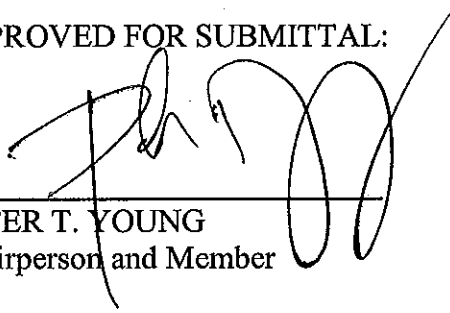
RECOMMENDATION:

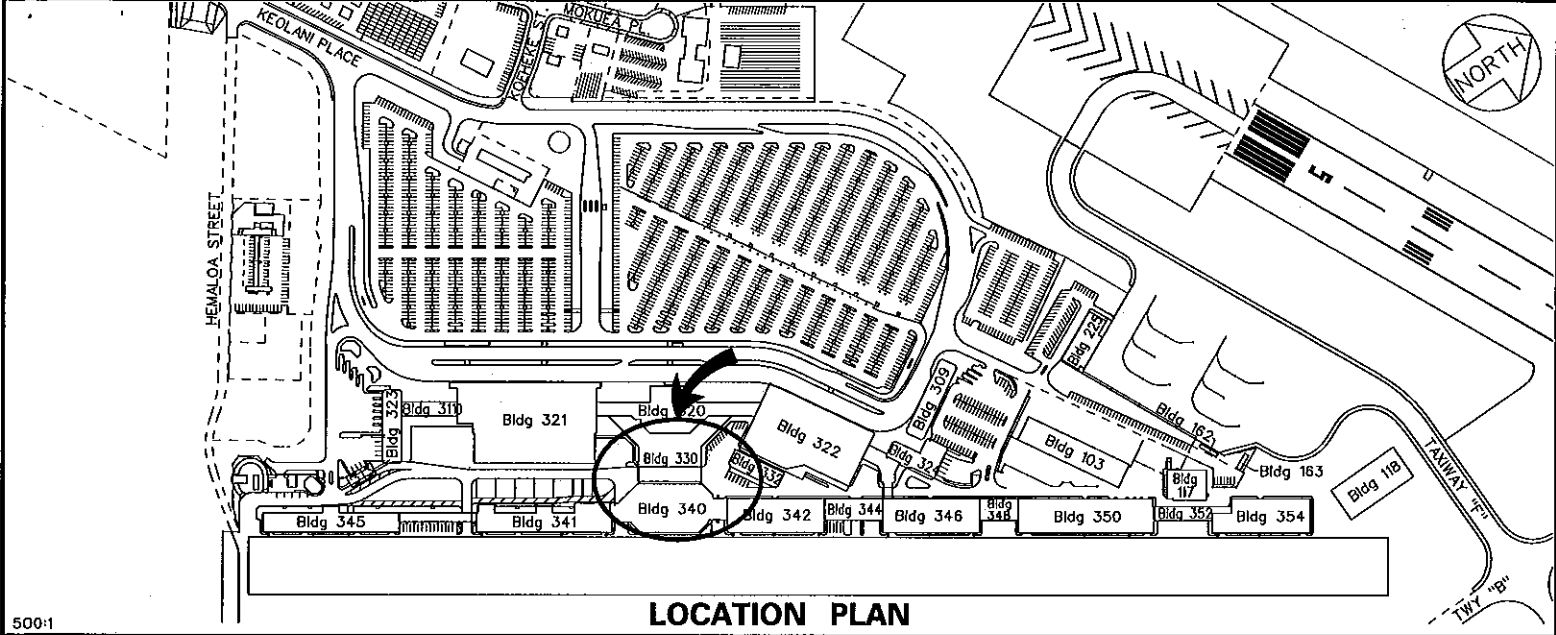
That the Board authorize the DOT to amend the existing Concession Lease No. DOT-A-92-0014 subject to: 1) terms and conditions herein outlined, which are by reference incorporated herein; 2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interest of the State; and 3) review and approval by the Department of the Attorney General.

Respectfully submitted,

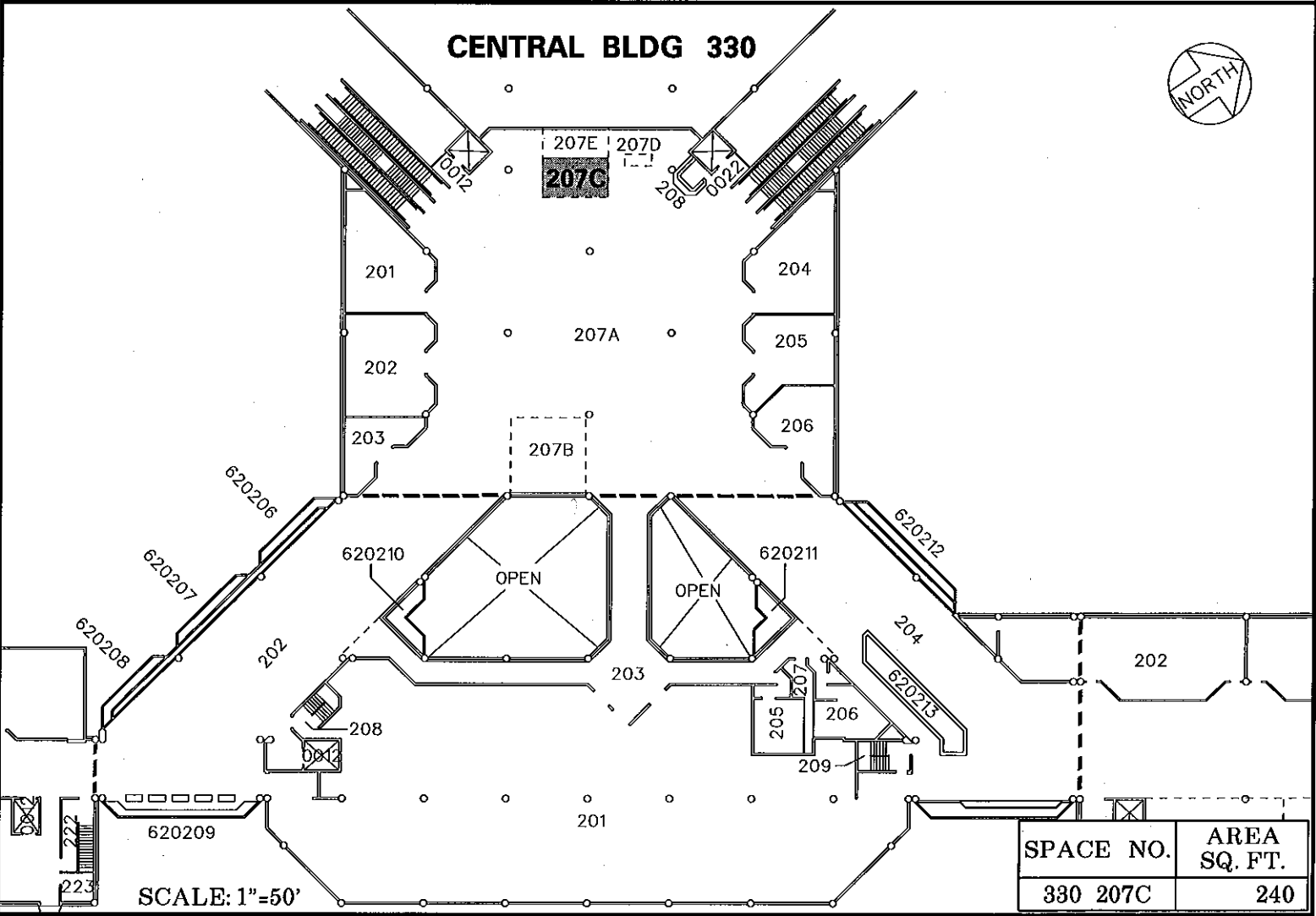

RODNEY K. HARAGA
Director of Transportation

APPROVED FOR SUBMITTAL:


PETER T. YOUNG
Chairperson and Member



CENTRAL BLDG 330



| SPACE NO. | AREA SQ. FT. |
|-----------|--------------|
| 330 207C | 240 |

SCALE: 1"=50'

DATE: SEPTEMBER 2006 EXHIBIT: **C-3**



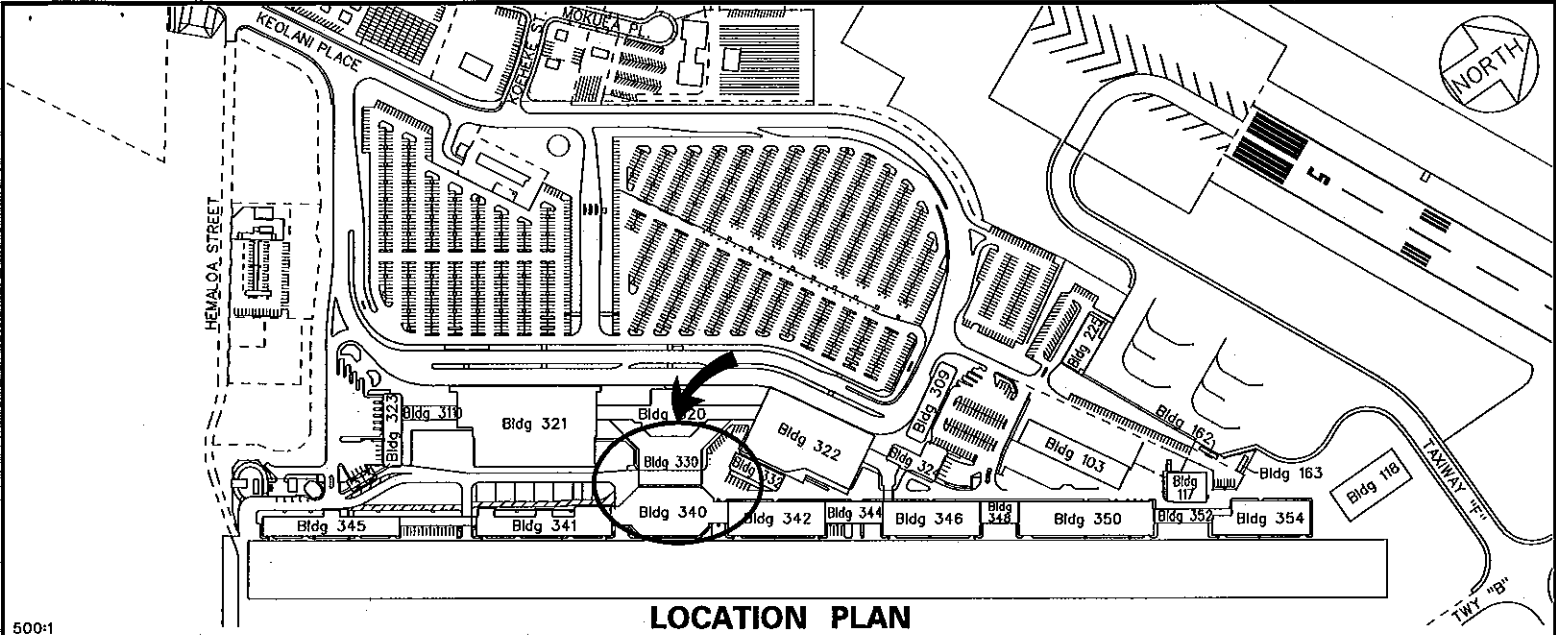
Airports Division

BLDG 330
TERMINAL BUILDING
SECOND LEVEL

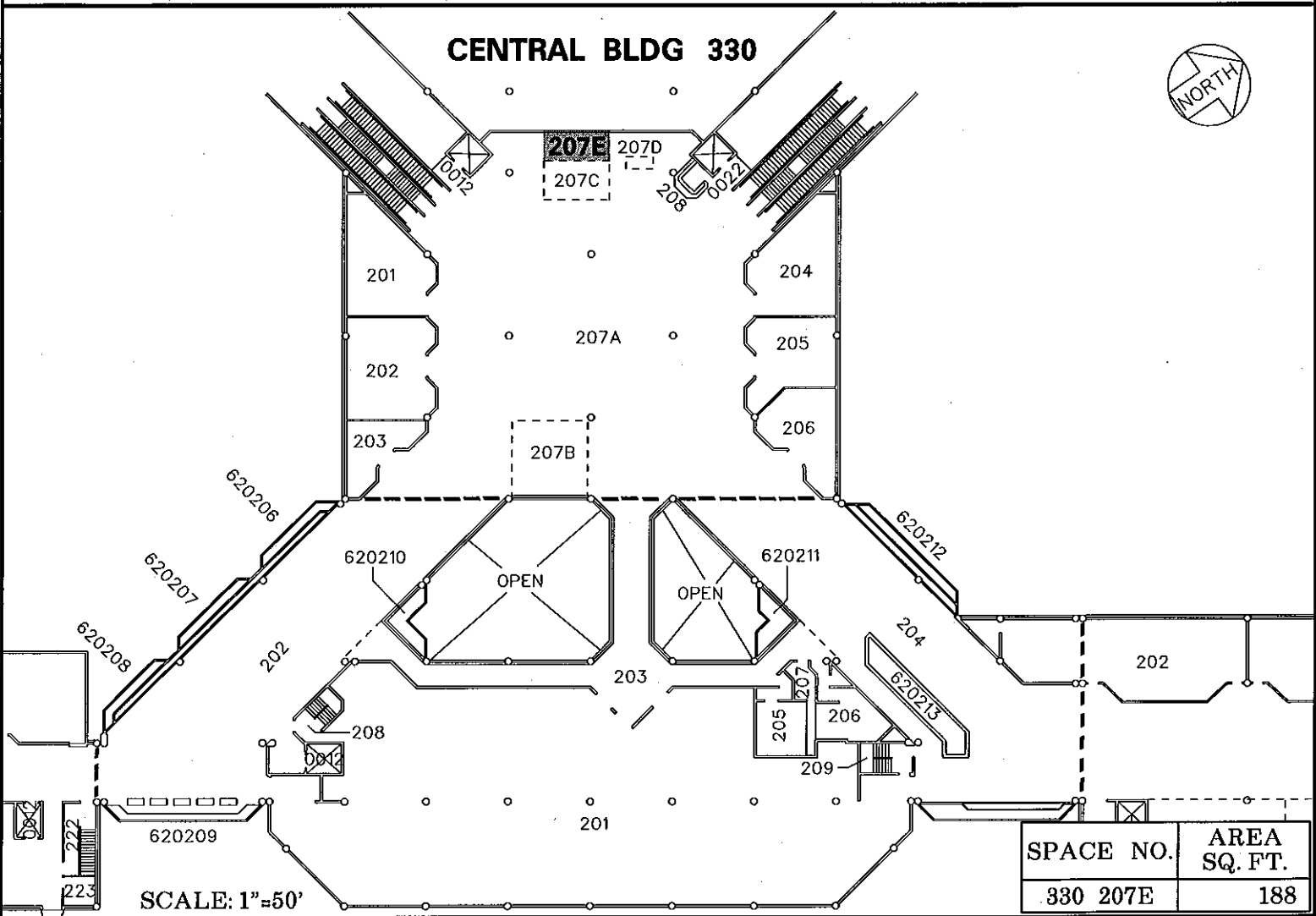
330-207C
PLATS A2, 35

KAHULUI AIRPORT

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LOCATION PLAN



SCALE: 1"=50'

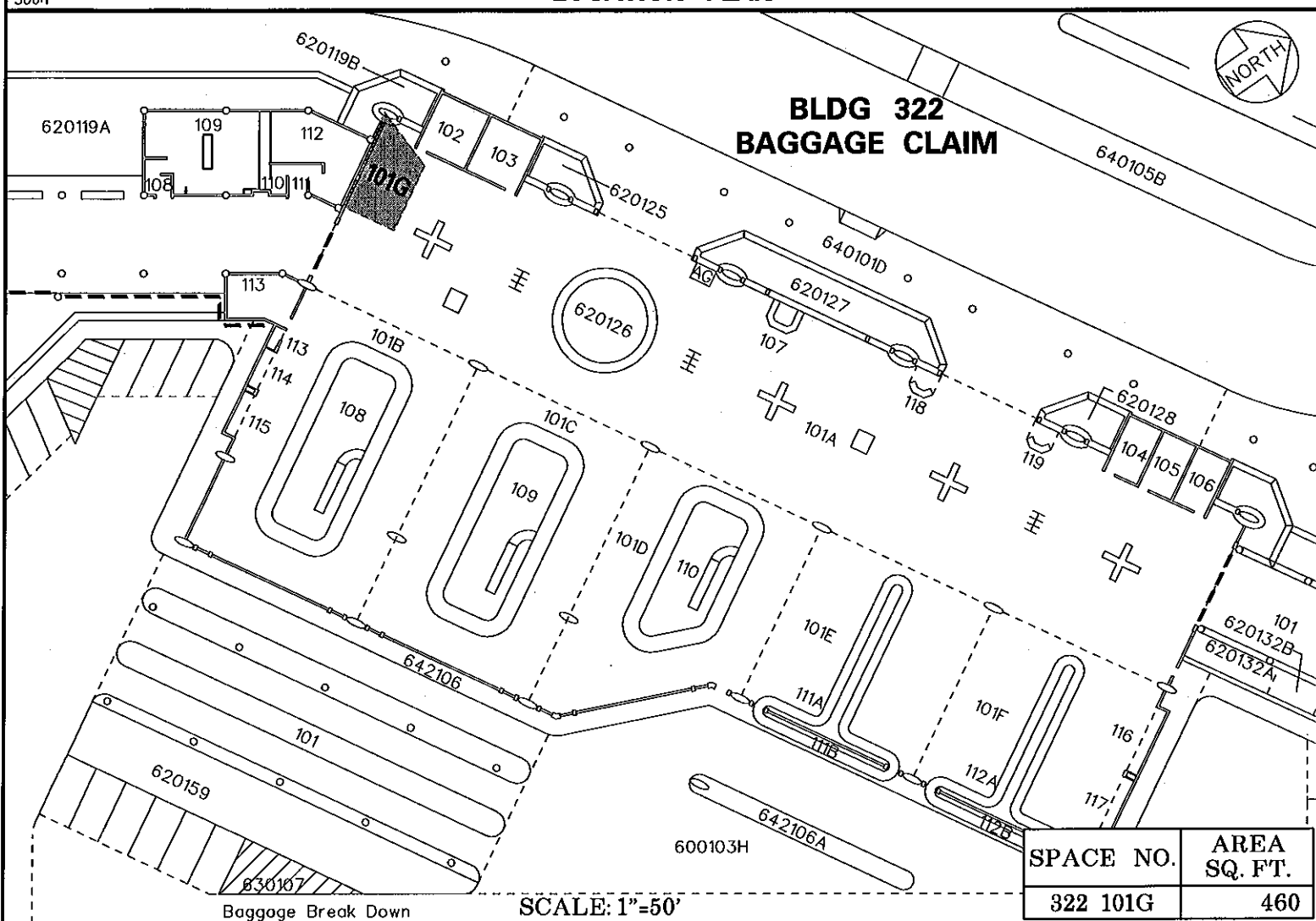
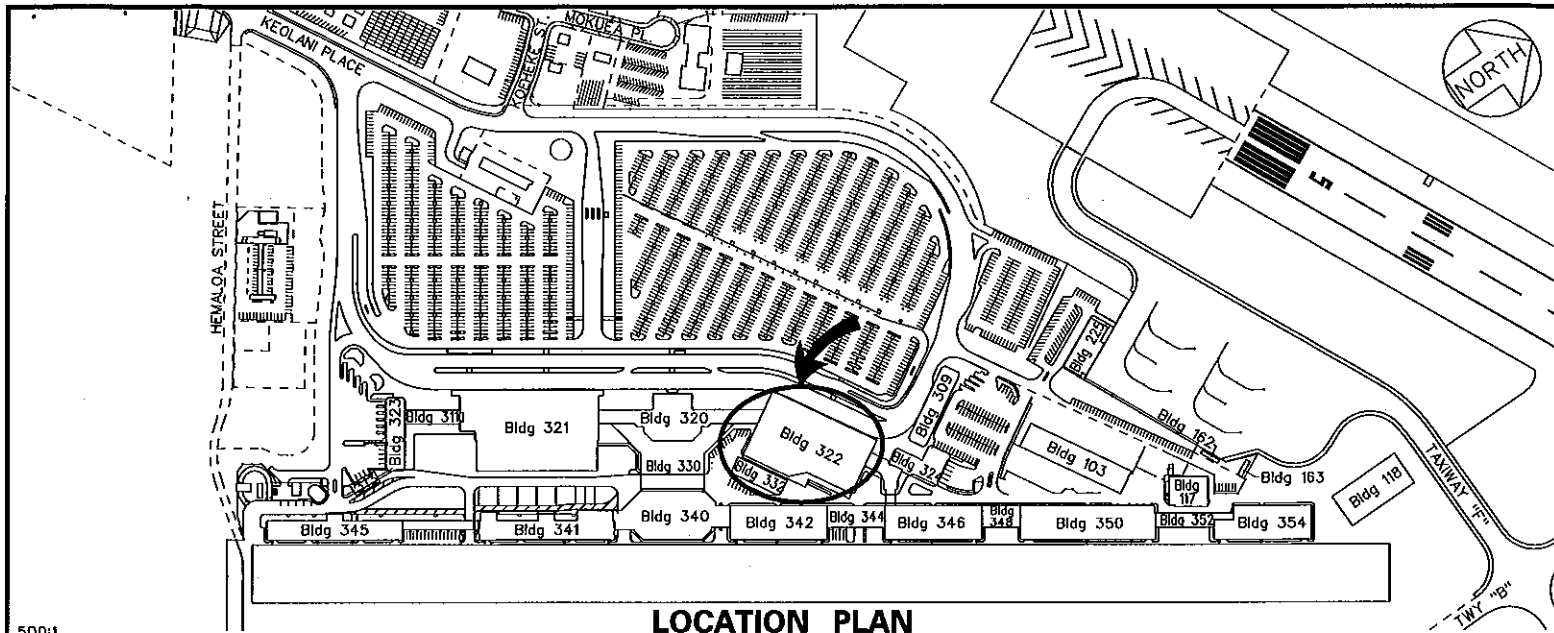
| SPACE NO. | AREA SQ. FT. |
|-----------|--------------|
| 330 207E | 188 |

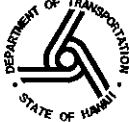
DATE: SEPTEMBER 2006 EXHIBIT: **C-4**

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|---|--|-----------------------------------|--------------|
| <p>Department of Transportation Airports Division</p> | | BLDG 330 | 330-207E |
| | | TERMINAL BUILDING SECOND LEVEL | PLATS A2, 35 |

KAHULUI AIRPORT

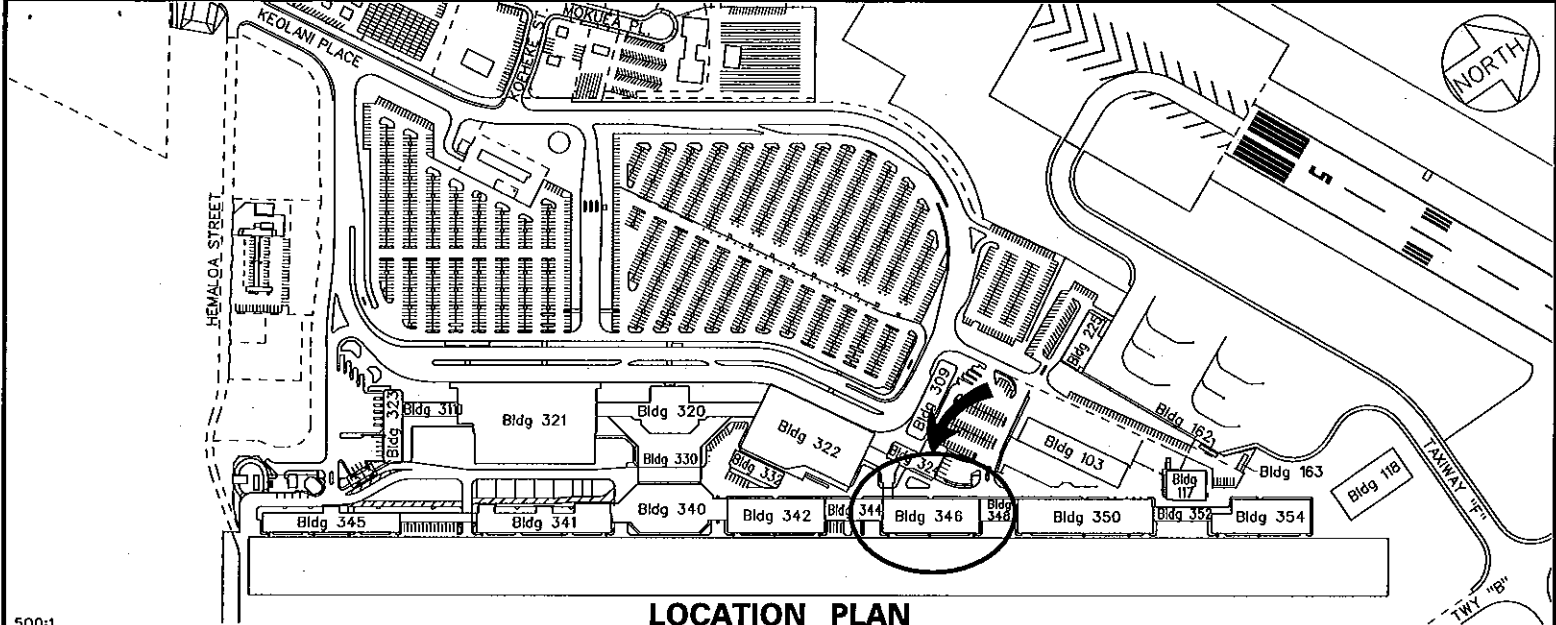
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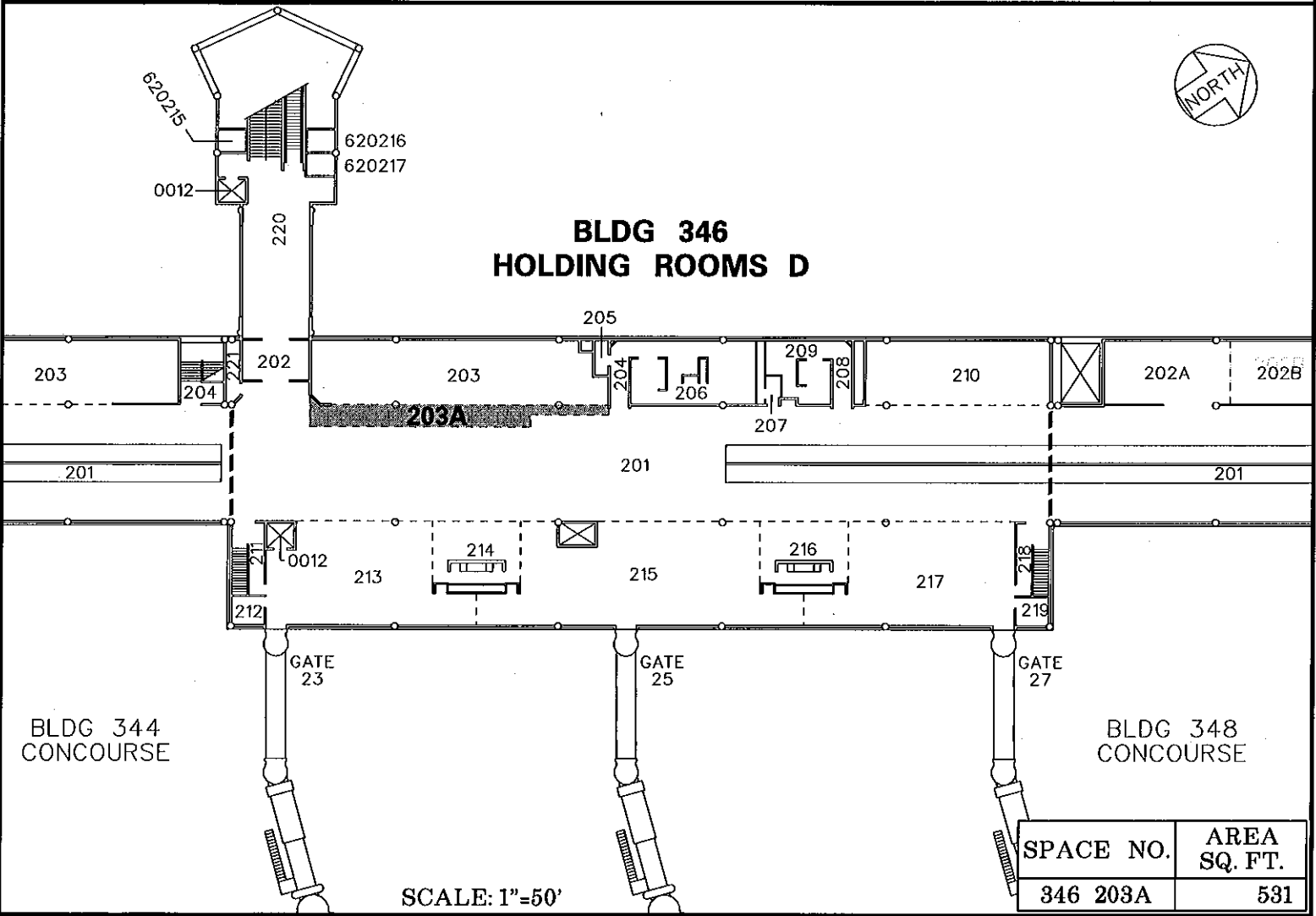
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|--|--|---------------------------|--|
| DATE: SEPTEMBER 2006 | | EXHIBIT: C-5 | |
|  Airports Division | | BLDG 330 BAGGAGE CLAIM | |
| | | 322-101G | |
| | | PLATS A1, 35 | |

KAHULUI AIRPORT

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LOCATION PLAN



SCALE: 1"=50'

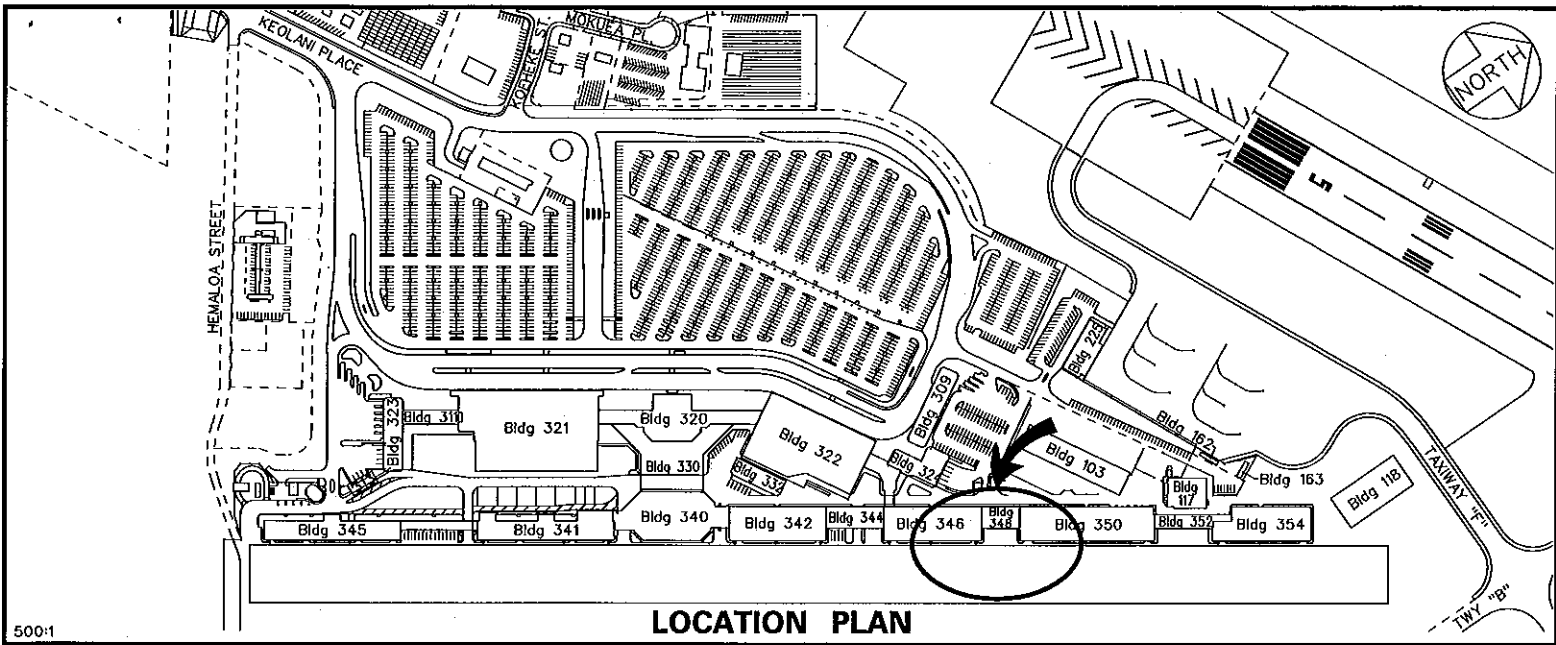
| SPACE NO. | AREA SQ. FT. |
|-----------|--------------|
| 346 203A | 531 |

DATE: SEPTEMBER 2006 EXHIBIT: **C-6**

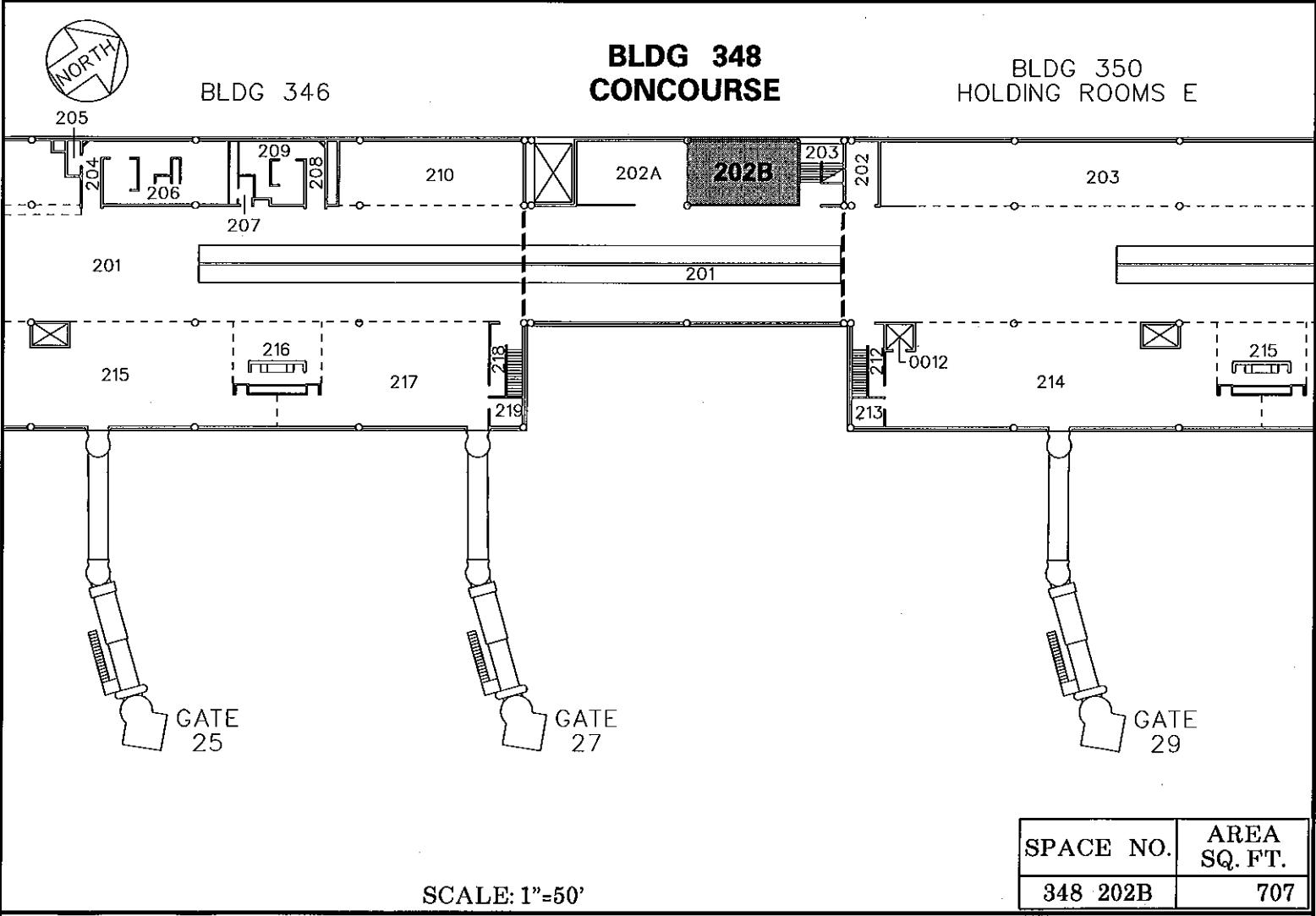
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| | <p>BLDG 346 TERMINAL BUILDING SECOND LEVEL</p> | <p>346-203A PLATS A2, 35</p> |
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KAHULUI AIRPORT

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LOCATION PLAN



SCALE: 1"=50'

| SPACE NO. | AREA SQ. FT. |
|-----------|-----------------|
| 348 202B | 707 |

| | | | |
|--|--|---|--|
| DEPARTMENT OF TRANSPORTATION STATE OF HAWAII Airports Division | | DATE: SEPTEMBER 2006 EXHIBIT: C-7 | |
| BLDG 348 TERMINAL BUILDING SECOND LEVEL | | 348-202B PLATS A2, 35 | |